REMARKS

I. Status of the Claims

Claim 89 has been added. No new matter has been added.

Claims 3-89 are pending.

Support for a "content reference" is in the Specification on page 13, lines 13-14; "only references to the electronic content" is supported in the Specification on page 30, lines 11-12; and "determining an offer ..." is supported by the Specification on page 37, lines 7-12.

II. Status of the Drawings

Replacement Figures 1-14 have been provided pursuant to the Examiner's Objection. No new matter is added.

III. Rejections Under 35 U.S.C. § 103

Claims 3-4, 8, 12-16, 18-24, 28, 31, 42-43, 47, 51-55, 57-63, 67, 70, 81 and 83 are rejected under 35 U.S.C. § 103(a) as unpatentable over Liquid Audio's *Liquid Audio Music-On-Demand System*, dated October 10, 1997 ("Liquid Audio"), and the Examiner's Offical Notice of ordinary skill in the art (ON1). Claims 5, 9-11, 17, 25-27, 29-30, 32-36, 38-41, 44, 48-50, 56, 64,-66, 68-69, 71-75, 77-80, 82, and 84-87 are rejected under 35 U.S.C. § 103(a) as unpatentable over Liquid Audio, ON1, and further in view of an article from *Electronic Commerce News* entitled "*Softbank Plans its Content Metering*" ("ECN Article") and U.S. Patent No. 5,910,987 to Ginter et al. ("Ginter"). Claims 6-7, 37, 45-46, 76, and 88 are rejected under 35 U.S.C. § 103(a) as unpatentable

over Liquid Audio, ON1, ECN Article, Ginter and further in view of a second Office Notice by the Examiner of ordinary skill in the art (ON2). Applicants respectfully traverse the above rejections.

The Liquid Audio Reference and ON1

Regarding Liquid Audio and ON1, the Examiner contends that Liquid Audio teaches a majority of the invention as described in all of the claims. The Examiner states that Liquid Audio teaches or suggests a secure Internet music on-demand delivery system, including an encrypted and secure delivery system, a music server, and media player software on the user's computer. However, the Examiner could not find every element of the claims, made certain assumptions about the way Liquid Audio functions and took Official Notice of those assumptions to be ordinary skill in the art.

Regarding claims 3, 42, 81, and 83, one of the Examiner's assumptions, in ON1, is when a consumer views sound track information with a displayed purchase price the consumer is viewing "an offer formulated by the music distribution server." Applicants assume that the Examiner is equating this with the claim element of "formulating one or more offers based on predefined business rule parameters wherein the one or more offers are associated with the selected item of information." Applicants respectfully disagree with the Examiner's assumption. The "formulating" step involves "business rules which govern the use, sale and distribution of the content. Business rules for a particular piece of content may include price range, conditions of sale and duration of an offer." Specification, page 6, lines 2-4. Further, every entity in the value-chain is bound to the business rules.

> The distributor creates and electronically encodes business rules for how the content can be distributed and consumed. Examples of such rules are "This content can only be sold in Country X", "This song can be purchased outright or offered as pay-per-play but not rented", "To print the lyrics is $1 extra", etc. These rules are included in the Rights data enclosed with the content. When a retailer creates an offer for content available on its web site, the retailer is limited by the distributor's rule enclosed with the content. The retailer is also limited by the specific contractual arrangement with the distributor.

Specification, page 14, lines 12-18. The invention defines specific business rules and it is improper for the Examiner to assume that just displaying a purchase price also encompasses the formulation of an offer based on business rules. Liquid Audio does not explicitly teach that a purchase price is displayed. The Examiner reasonably assumes that a purchase price must be displayed for content to be sold. However, there is no motivation or suggestion that the purchase price is anything more than a display of a dollar amount the content sells for. There is no teaching or suggestion that, as the Examiner contends, a displayed price is "an offer formulated by the music distribution server". Office Action dated April 15, 2003, Paper No. 22, page 6.

Formulated offers of the invention are much more complex than the Examiner's assumption. The different types of formulated offers are defined in the specification. First, a retailer can create

> retail offers on available content subject to its contracts with the distributors and subject to the business rules associated with the specific content. A Retail Offer includes rules governing how consumers can acquire rights to the content under certain conditions, including validity period, payment, type of consumption – unlimited use, N plays, time-limited plays etc.

Specification, page 21, line 20 to page 22, line 3. Retail Offers are formulated using a dynamic process involving a candidate offer.

> The candidate offer is an offer proposed by the retailer for the distributor's certification ... [which is sent] to the Reference Service for validation ...If the offer is valid the ... Reference Service validates the "Candidate Offer" and creates a certified Retail Offer. The Reference Service checks the "Candidate Offer" against

> the E-contract and the content-specific business rules. If the offer is consistent with the offer and the rules, it is electronically certified.

Specification, page 23, line 4 to page 24, line 7. The candidate offer becomes a certified retail offer and is offered to the consumer.

> Another type of offer is a default offer.
>
> The distributor ... creates a default offer for the content[,] ... [that] provides actual commercial terms for consumers to acquire the content, and may be included with the content where the distributor is also acting as the retailer. A default offer may have no expiration date, i.e., it is valid in perpetuity. The distributor may set prices in the default offer as a function of time. Alternatively, the default prices may be updated periodically or on-demand when the consumer is ready to "consume" the content. The default offer may also be used as a template by retailers assisting in the creation of retail offers.
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> Specification, page 14, line 20 to page 15, line 5.

Given the above, Liquid Audio is silent regarding any of the above details of creating offers, and thus does not teach or motivate the "formulating" step. Additionally, one of ordinary skill would not assume the multi-faceted and complex disclosure described above based on the simple assumption that a price is displayed.

Thus, pursuant to MPEP § 2144.03, Applicants request an affidavit from the Examiner regarding those facts of which official notice is taken. Specifically, Applicants request the facts surrounding the statement that a published price is an offer formulated by business rules.

Regarding claims 8 and 47, which recite "generating rights data which determine the one or more offers associated with the information requested." Liquid Audio does not disclose or suggest rights data that determines the offers. As above, the displaying of a purchase price is assumed by the Examiner and Liquid Audio does not suggest or motivate one to utilize rights data in displaying

the price. Specifically, a "distributor creates commercial information such as default rights, and unique identifiers, collectively called rights data ... [which are] used to confirm validity of offers for content." Specification, page 13, lines 7-20. Additionally, both the business "rules ... and the default offer [are] included in the Rights data." Specification, page 14, lines 15-21.

Again, pursuant to MPEP § 2144.03, Applicants request an affidavit from the Examiner regarding those facts of which official notice is taken. Specifically, Applicants request the facts surrounding the statement that a published price has generated rights data that determines a plurality of offers.

Thus, portions of the Examiner's ON1 are unsupported or improper and Liquid Audio does not teach or suggest the support for some of the Examiner's statements of ordinary skill in the art. Independent claims 3, 42, 81, and 83 are not obvious in view of Liquid Audio and ON1 and dependent claims 4, 8, 12-16, 18-24, 28, 31, 43, 47, 51-55, 57-63, 67, and 70 are allowable for at least the same reasons as the independent claims. The Examiner is respectfully requested to withdraw the above rejection.

The ECN Article and Ginter (InterTrust) References

Regarding the ECN Article and Ginter, the Examiner contends that the ECN Article teaches a Rights Exchange Service powered by InterTrust and Ginter teaches the systems and methods of InterTrust. Further, the Examiner contends that the ECN Article and Ginter discloses all of the remaining elements of claims 5, 9-11, 17, 25-27, 29-30, 32-36, 38-41, 44, 48-50, 56, 64,-66, 68-69, 71-75, 77-80, 82, and 84-87 that are not disclosed by Liquid Audio and ON1. Regarding both the

ECN Article and Ginter, Applicants respectfully submit that the references are not enabling and that the Examiner is improperly using hindsight to reject the claims.

The ECN Article is a article regarding the SOFTBANK product, The Rights Exchange, which "enables companies to assign business rules to digital content." The ECN article is not an enabling disclosure because, at the time the article was written, the inventors were not in full possession of the invention. The ECN Article states that SOFTBANK is "developing the infrastructure" and "is offering organizations a chance to get in on the ground up." SOFTBANK had not progressed to the point where they could test the system ("pilot testing is expected early [1998]"). Additionally, SOFTBANK, at the time the ECN Article was written, was looking partners, or, better said, capital to fund the broad and vague concept of rights data. Thus, there is no indication that SOFTBANK actually had full possession of the concept of rights data or how this data would function in assisting in the distribution of digital content.

Further, if the Examiner maintains that SOFTBANK had possession of the invention, the vague comment is not a written description or an enabling disclosure of any method or system of electronic contracts and offer/sale processing, nor is there a teaching of how to handle any such offers or validation and does not suggest the claimed invention. Applicants submit that the Examiner is improperly using hindsight to reject the claims. The above statements do not enable one of ordinary skill in the art to practice SOFTBANK's supposed invention.

Regarding, Ginter, Applicants submit that the reference is vague and does not enable one of ordinary skill in the art to practice the claimed invention. Ginter is over 300 pages long, with 146 pages of drawings and 159 pages of text. The text of Ginter reads as grand vision of digital rights management and the inventors compiled a "laundry list" of elements for electronic financial

transactions. However, broad statements of what may be do not teach or suggest the present invention. Ginter provides some of the separate elements of the invention but does not teach or suggest to one of ordinary skill in the art how to assemble these elements to perform the steps of the present invention. The sections cited by the Examiner span from column 1 to column 297 and the concepts crisscross across the pages of the document. Without a description linking these comments and that one of ordinary skill should pick particular elements from all of the elements disclosed, Ginter does not enable one of ordinary skill to create the presently claimed invention. For example, Ginter discloses "traveling objects" in columns 128-132 and "electronic contracts" in columns 241-254. Ginter does not discuss the concept of traveling objects in the context of electronic contract negotiation and it is only with improper hindsight that the Examiner is picking and choosing disparate parts of Ginter's disclosure to find an enabling reference.

Additionally, Ginter does not disclose content references as defined by the present invention. The Examiner contends that Ginter discloses content references using traveling objects. Applicants respectfully disagree with the Examiner's interpretation of Ginter's traveling objects.

The description of content references can be found in the Specification on page 62 line 10, to page 70, line 19. Specifically,

> [a] content reference can be thought of as an address or pointer to content and is the mechanism to refer to content indirectly. A content reference contains a small amount of descriptive information about a piece of content. This descriptive information contains sufficient information to allow a consumer with a Consumer Player to determine what the content is and how to get to the content, but does not contain the actual content.

Specification, page 63, lines 3-8. Descriptions of how a content reference interacts with the other elements of the invention are throughout the Specification and are as follows:

> A reference to each content as packaged in the containers is created to facilitate retrieving the content ... References for the content may take the form of encapsulated files which are processed by the Consumer Players. The content reference can reside anywhere in the system and can be transmitted in super-distribution (e.g., as e-mail attachments). The content reference files generally have "secure areas" to protect against theft or tampering of the enclosed information. ... As noted above, References identify content and do not contain Offers ... [and] a content identification object that does not have a valid Offer is resolved into one that does have a valid Offer. ... Generally the references do not have price information ... When the consumer chooses one of the references, the Consumer Player contacts the appropriate Reference Service with a request to resolve the reference. The Reference Service returns a retail offer to the consumer for the content specified by the reference. ... The content reference contains information on how to find content objects.

Specification, page 13, lines 13-14; page 27, line 3-8; page 29, lines 11-12; page 37, lines 2- 10; and page 38, line 12.

In contrast, Ginter's traveling objects "are objects that carry with them sufficient information to enable at least some use of at least a portion of their content when they arrive at a VDE node." Ginter, column 128, lines 40-43, *also see*, column 24, lines 33-50. As noted above, content references do not contain offers and when a "consumer chooses one of the references ... a retail offer [is returned] to the consumer for the content specified by the reference." Specification, page 37, lines 7-10. Thus, content cannot be accessed until a user selects a returned offer.

Further, content references do not contain content; they are only a reference to content. The Examiner cites Figure 19 as support for Ginter teaching a content reference, but, in contrast, Figure 19 discloses that a traveling object contains "content 812a ... 812n". Additionally, one of ordinary skill in the art is not taught or motivated to remove the content from the traveling object. The entirety of Ginter's invention revolves around "containers" in which "VDE electronic content containers may ... move electronic information content ... and associated content control information. Ginter, column 33, lines 6-10. Further, the disclosure in proximity to Ginter's

discussion on traveling objects is for "content objects". This disclosure is cited by the Examiner on column 131 line 58 to column 132, line 12. "[C]ontent objects 880 include or provide information content. This "content" may be any sort of electronic information. For example, content may include: computer software, movies, books, [or] music." Ginter, column 131, lines 59-63. Thus, Ginter does not teach traveling objects without content. Further, one of ordinary skill in the art at the time of the invention is not motivated to remove the content from the traveling object.

Neither Ginter nor the ECN Article are enabling nor do they teach or suggest the elements of the claims 5, 9-11, 17, 25-27, 29-30, 32-36, 38-41, 44, 48-50, 56, 64,-66, 68-69, 71-75, and 77-80. Further, the above claims depend from claims 3 and 42 and are allowable based on the fact that claims 3 and 42 are distinguished from Liquid Audio and ON1.

Official Notice 2 (ON2)

The Examiner contends that Liquid Audio, ON1, the ECN Article and Ginter disclose all of the elements of claims 6-7, 37, 45-46, 76, and 88 except offering alternative offers and the Examiner takes Official Notice (ON2) of a "real deal" sales technique. Regarding ON2, the Examiner assumes that once a "trial offer" is made that it is of ordinary skill in the art to then offer the "real deal." In the Examiner's example, a trial offer is made for a user to access an item of content for a week, wherein once the week has expired; the user cannot access the content and is then offered a subscription or the "real deal" for further access to the content.

Applicants respectfully disagree with the Examiner's assumption and ON2. The offers in the present invention do not function as the Examiner assumes. First, a distributor "creates a default offer for the content ... [that] provides actual commercial terms for consumers to acquire the

content ... [and] can be described as the "list price" of the content." Specification, page 14, lines 20-22 and page 26, lines 1-2. Typically, the default offer is not the offer that is presented to a consumer when a consumer first selects an item of content. The "retailer defines commercial offers from the retailers to consumers, which are called Retail Offers." Specification, page 26, lines 7-8. An alternate offer is another retail offer for the content instead of the original retail offer. *See*, Specification, page 50, line 12 to page 51, line 12. The offers of the invention are provided to the consumer as follows. A consumer requests an item of content (claim 3); an offer is provided to the consumer (claim 3); and the consumer selects the offer (claim 3). At this point, the consumer has not accessed the content. Next, the selected offer is validated (claim 4) by comparing it with the terms of an electronic contract (claim 5). If the selected offer is invalidated, an alternate offer (claim 6) or a default offer (claim 7) is provided to the consumer. If the selected offer was validated, the consumer can access the content as a "real deal." If the selected offer was invalidated, then the consumer still cannot access the content and is provided a different "real deal" so the consumer can access the content. Thus,

> [i]n the event that the consumer selects an offer that has expired, the consumer will be offered a choice of valid offers. ... The consumer is then offered a choice to use the content's Default Offer or attempt to find another offer from the same retailer. If the consumer chooses the Default offer, the content is purchased with the Default Offer. If the consumer chooses to find a substitute, the Consumer Player messages the Reference Service which finds a substitute offer from the same retailer. In either case, the Consumer receives a valid offer.

Specification, page 50, lines 12-21. In summary, both the alternate and default offers are contingent upon the embodiment where there is a formulated offer.

Given the above, the Examiner's example is contrary to the disclosed invention. The Examiner assumes that there is a "trial offer" and a "real deal". A trial offer, at a minimum, must be

a validated offer since the user is allowed access to the content. The example in Ginter, cited by the Examiner (column 205, lines 21-31), is also based on the same assumption, that the consumer has had access to the content prior to the "real deal" or the request to purchace "new PERCs (permission records)." Both the Examiner's assumption and Ginter's example are contrary to the "formulating", "validating", and "providing" steps recited in the claims. Additionally, there is no teaching or suggestion in Liquid Audio, the ECN Article, or Ginter to create multiple offers and have the offers set in a hierarchal fashion, wherein if one offer cannot be validated, another can be made to the consumer.

In conclusion, the three references, Liquid Audio, the ECN Article and Ginter, alone or in combination, do not teach or suggest the elements of the claims. Additionally, many of the Examiner's key assumptions, ON1 and ON2 are either improper, or are not supported by the references. Applicants respectfully request reconsideration of the claims and withdrawal of the rejections.

CONCLUSION

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to pass this application to issue.

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Respectfully submitted,

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